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FAX COVER SHEET

DATE: August 16, 1996

DELIVER TO: (801) 359-3940

Lowell P. Braxton
Deputy Director
State of Utah
Division of Oil, Gas and Mining

FROM: Lee D. Foreman
Haddon, Morgan & Foreman, P.C.

TOTAL NUMBER OF PAGES: 3 (INCLUDING THIS COVER SHEET)

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Via Telecopier (801) 359-3940

Lowell P. Braxton
Deputy Director
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Re: August 9, 1996 Division Directive to Commence Reclamation,
Western States Minerals Corporation, Drum Mine,
M/027/007, Millard County, Utah

Dear Mr. Braxton:

We are responding on behalf of our client, Western States Minerals Corporation ("Western") to your letter dated August 9, 1996.

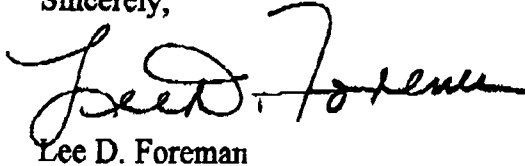
Your letter has placed us in an awkward procedural position by suggesting there has been a Division decision that is appealable to the Board, but failing to denominate the proceedings as formal or informal and to specify the procedure and time frame for seeking review.

We have been advised by Mike Keller, who spoke with Wayne Hedberg and Tom Mitchell on Western's behalf earlier today, that DOGM did not intend the August 9 letter to constitute an adjudication by the Division which would trigger Western's right of review. Mr. Keller was assured that the Division has prepared a letter of clarification, and that we will receive that letter today.

Lowell P. Braxton
Deputy Director State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
August 16, 1996
Page 2

Western does not intend to waive any rights it may have before the Division or the Board. While we are prepared to file a Request for Agency Action with the Board if your August 9 letter constituted something to which the right of review might attach, we are relying on the assurances of DOGM and its attorneys that such a filing is not necessary to protect Western's rights.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee D. Foreman", written in a cursive style.

Lee D. Foreman

LDF/rls